

## IN THE SPECIFICATION

Please amend the third paragraph of page 67 as indicated below.

To mitigate these problems, each tile of a JPEG 2000 codestream is encoded as described above with at least two layers. At the completion of encoding each tile, a number of packets (e.g., layer, resolution, precinct, tile-component) are output to the codestream as a complete tile-part. The remaining layers are stored in the buffer. A second pass through the remaining coded data in the buffer is optional. During this second pass, extra packets from each tile are appended to the codestream as complete tile-parts as space or time allows. If in a fixed-rate application, then only packets within the given rate are appended. If in a fixed time application, then only number of cycles allowed. ~~In an embodiment, packets of a complete tile part in the codestream are selected based on a total bandwidth of the first and second passes and/or size of the buffer.~~ One embodiment of this process is shown in Figure 15A. Thus, these can be the 2 complete tile-parts output for each tile.